



Hector De La Torre

News Release

Assembly Member 50th District

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De La Torre Legislation Limiting Rescissions Passes Health Committee

SACRAMENTO, CA – The Assembly Health Committee passed Assembly Bill 1945 authored by Assemblymember Hector De La Torre (D-South Gate), to stopgap the continuing pattern by the insurance industry of unfairly canceling patient's healthcare policies.

"The insurance industry has made billions by unfairly canceling health policies when people need coverage most, with little to no oversight prior to canceling the policies," said De La Torre. "Consumers, who have already made payments to HMOs, are being dumped by the insurance company when the time comes for them to receive coverage. At some point, someone must stand up and say 'Enough!' This bill will protect the rights of insured Californians against the unfair practices of insurance companies."

Assembly Bill 1945 will require health-management organizations to get approval from an independent third party prior to rescinding health care policies. It also authorizes Department of Managed Health Care (DMHC) and the Commissioner of the California Department of Insurance (CDI) to suspend or revoke the license or certificate of a plan or insurer in violation of this prohibition or to assess administrative penalties.

Lastly, the bill requires DMHC and CDI to establish and require health plans and health insurers to use a single or standard application form for individual coverage.

Assemblymember De La Torre introduced the bill to a growing criticism from physicians, patients and healthcare advocates. De La Torre considers the measure will help create protections for both insurers and policyholders since it will require the approval of state regulators to sign off before carriers drop policyholders who fail to disclose preexisting medical conditions.

Earlier this year, after more than two years of negative press coverage and unfavorable court and regulatory decisions, two major California health insurance companies announced their support for external review of their decisions to rescind or cancel policies. Assemblyman Hector De La Torre and the California Medical Association, the bill's co-sponsors, warned that any external review process must have teeth and pointed to AB 1945 as the ideal way to provide oversight of health insurers' rescission practices.

The bill will be heard next in the Assembly Appropriations Committee.

Background:

Last year, De La Torre joined forces with the California Medical Association to pass AB 1324 which prohibited health insurers from denying payment for treatment which they had already approved. Governor Schwarzenegger signed AB 1324 last fall.

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